

REPORT TO THE COMMUNITY 2005



AFFORDABLE HEALTH CARE SOLUTIONS



**BlueCross BlueShield
of Florida**

An Independent Licensee of the
Blue Cross and Blue Shield Association

The Blue Foundation
FOR A HEALTHY FLORIDA



The Blue Foundation for a Healthy Florida and its Parent, Blue Cross and Blue Shield
of Florida, are Independent Licensees of the Blue Cross and Blue Shield Association.

Table of Contents

BLUE CROSS AND BLUE SHIELD OF FLORIDA

Chairman and CEO Message	4
Providing: Individualized Treatment.....	6
E-Medicine	7
Options: Customer Choices	8
Health Savings Accounts	9
Outreach: Alliance with Arkansas.....	10
Commitment: Senior Solutions.....	12
Medicare Part D Options.....	13
Contribution: Disaster Recovery.....	14
Rebuilding Northwest Florida.....	15
Guidelines for Community Giving.....	16
Tuttle Award.....	17
Community Investments.....	18
Financial Statements	22
Board of Directors	26
Office of the CEO	27

THE BLUE FOUNDATION FOR A HEALTHY FLORIDA

The Foundation	29
The Mission.....	29
A Message from the Foundation President	30
A Letter from the Executive Director.....	31
Enhancing Access to Health Care	32
Excellence: Creatively Approaching Unmet Needs	34
Guiding Principles and Priorities.....	36
2005 Grants.....	38
Financial Statements	42
Board of Directors	46
Employee Review Team.....	47
The Blue Foundation Staff	48

BLUE CROSS AND BLUE SHIELD OF FLORIDA



**BlueCross BlueShield
of Florida**

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OUR MISSION

We believe Blue Cross and Blue Shield of Florida has a unique role in advancing the health and well-being of Florida's citizens. While all successful companies must focus on meeting customer needs, our corporate beliefs call for a much greater commitment to the public good. Our purpose requires working for public policy that enables an excellent, efficient health system; affordable products and services; and protection for as many Floridians as possible. It also demands that our programs support the delivery of high-quality care. Through our products, employee relations, political influence and community involvement, we consistently attempt to make a constructive contribution to the well-being of our customers and all Floridians.

A financially strong, independent, policyholder-owned parent company is most conducive to pursuing our community-driven, customer-focused Mission. This allows us the flexibility to use various structures, as appropriate, for entities under the parent.

OUR VISION

A company focused primarily on the health industry, delivering value through an array of meaningful choices.

OUR VALUES

- Customers, our reason for being
- Employees, our most valued resource
- Open, honest, ethical, respectful
- Developmental, diverse
- Participative, team-based, team over individual
- Relationship-based, performance-based
- Balance: family, health, work

Chairman and CEO Message



ROBERT I. LUFRANO, M.D.
Chairman and
Chief Executive Officer

Blue Cross and Blue Shield of Florida (BCBSF) had another very strong year in 2005. Our commitment to the Blue Brand, our Mission and our communities is stronger than it's ever been.

While remaining the strong, stable company Floridians depend on for quality health care coverage, BCBSF is also constantly evolving to meet our members' needs and thrive in an ever-changing marketplace.

BCBSF provides high-quality, affordable health care solutions with access to a broad network of health care providers. This past year, the company expanded the products and services we offer and strengthened our community presence in select geographical areas. Our individual BlueOptionsSM health plans are now available in all of Florida's 67 counties. These plans provide meaningful choices and put decision making back in consumers' hands.

Education, information and communication are key to meeting the needs and expectations of our members, network providers and employers. That is why BCBSF is differentiating the patient and provider experience and delivering customer value to our members each day through innovative solutions such as the new payer-based electronic health record, personalized health reports, the Relay Health online medical consultation program, Quality Interactions and MyBlueService, a tool providing 24-hour online access to a number of services and other health-related information.

Last year marked BCBSF's 17th consecutive year of positive financial and enrollment gains. The company received favorable financial-strength ratings from Moody's and other rating agencies and was one of only 10 health care companies in the nation to receive an A+ rating with a "Stable" outlook from Standard & Poor's. By holding a 29 percent market share and a commercial membership retention rate of 91 percent at the end of 2005 — the best in the company's history — the number of people BCBSF and its subsidiaries serve now exceeds 8.3 million.

On behalf of the company, we would like to acknowledge the work of our board of directors, management team and more than 8,000 employees for our success and for positioning us well for the future. We would also like to thank Hugh Brown and Walter "Buddy" McLin, who both retired from the BCBSF board of directors in 2005. Through a collective 30-year commitment to BCBSF, they made tremendous contributions to our company and communities and afforded us excellent counsel and leadership.

Blue Cross and Blue Shield of Florida
*provides high-quality, affordable health care solutions
with access to a broad network of health care providers*

At BCBSF, we have a passion for community and corporate philanthropy, and our charitable investments across Florida support a wide range of programs that help fulfill the company's commitment to the public good. BCBSF is working to make a difference for Floridians by focusing on the uninsured and underserved, nursing, literacy and health. Through the groundbreaking Generation RN program, the company is helping to address Florida's nursing shortage by funding nursing education at Florida's colleges and universities.

In addition to the company's corporate charitable investments, BCBSF's philanthropic affiliate, The Blue Foundation for a Healthy Florida, is dedicated to a charitable focus that has resulted in visionary and innovative health care partnerships and alliances that are transforming Florida's communities for the better.

The road ahead for health care is full of challenges — and opportunities. BCBSF's commitment to our members along with a strong, stable Brand allows us to provide Floridians with meaningful, value-driven products and services they want and need ... now and long into the future. Thank you for placing your confidence in us.



Robert I. Lufrano, M.D.
Chairman and
Chief Executive Officer

Providing

individualized treatment



BCBSF's cultural competence e-learning course helped Dr. Kenneth Jones raise his level of awareness.

To meet the needs of Blue Cross and Blue Shield of Florida (BCBSF) customers, their health care providers and their employers, information is the key. With forward-looking communication and educational solutions, BCBSF leads the way in providing solutions that can improve health care and enhance the interactions of our members and providers.

For example, BCBSF was the first health insurer in the state to provide our customers with a quarterly personal health report. Like a mutual fund report, the easy-to-read statements show the claims history for each family member — both benefits and out-of-pocket costs. This eye-opening tool lets customers know the true value of their health care plan and helps them plan for the future — determining how much to allot for next year's flexible spending account, for example.

The customized personal health reports also provide vital preventive health care information, such as recommended screenings and news-you-can-use studies geared toward each family member.

Individualized Treatment

Physicians consider each patient's background to provide the best care

Meanwhile, with one in 10 foreign-born residents of the United States living in Florida, the ability of health care professionals to understand and effectively treat patients of varied racial and ethnic backgrounds is paramount. That's particularly true since studies have shown that such groups as

African-Americans and Hispanics don't experience the same health outcomes as others.

In response, BCBSF was the first U.S. insurer to offer to our NetworkBlue physicians — as well as internal nurses and medical directors — a free cultural competence e-learning course, Quality Interactions®. "Physicians need to have a higher degree of sensitivity regarding how various people process information, make medical decisions and use the health care system," says Dr. Miguel Fernandez, BCBSF corporate medical director for professional programs.

Hailing from what is now Guyana in the Caribbean, Dr. Kenneth W. Jones, a Jacksonville surgeon, thought he understood different cultures. "But taking this course made me realize I was still not aware of some things going on within cultures," he says. For example, he now understands that elderly Asians often want their family to make medical decisions for them and therefore want the health care professional to speak directly to their children.

Taking the Quality Interactions course to improve patient care is just one of the many measures BCBSF uses in our Recognizing Physician Excellence (RPE) program. In 2005, we rewarded qualifying physicians an average of \$3,000, and as much as \$12,000, to those who met or exceeded criteria. "The RPE program recognizes physicians who are committed to providing quality care and excellent service," says Dr. Robert Mirsky, BCBSF senior medical director. "It's one more way we support our Mission of advancing the health and well-being of Florida's citizens."



Mary Schneider, L.P.N.

E-MEDICINE

BCBSF was the state's first insurer to cover online physician office visits for nonurgent matters through a secure Web-based program called RelayHealth®. The program also allows BCBSF members to schedule appointments, receive lab and test results and request referrals, prescriptions, renewals and refills.

"We're focused on improving access to quality care, and this significantly enhances access," says Dr. Bill Kerr, BCBSF's chief medical officer.

As of May 17, 2006, we have registered more than 1,000 physicians and 46,592 Florida residents — with 15,592 BCBSF members.

"It's the convenience of lying in bed at 11 p.m. and thinking 'Boy, I really need to schedule that annual exam' — and then being able to do it, right then," says Mary Schneider, L.P.N., clinical manager of the Diagnostic Clinic in Largo, Fla., which has 7,000 RelayHealth patients.

The program also helps patients avoid long waits on hold and playing phone tag. In December alone, the clinical staff sent patients 13,000 RelayHealth messages.

"Those would have been 13,000 phone calls, with many busy signals or no answers," says Dr. Jim Rivenbark, the clinic's chief medical officer. "RelayHealth improves our work flow and is convenient for both us and our patients.

"It's good patient service."

Options

customer choices



Employers, employees and individual consumers all want the same thing: choice and access to high-quality, affordable health care.

Blue Cross and Blue Shield of Florida's (BCBSF) response: BlueOptionsSM, a family of health plans that place more of the health care decision making into the hands of consumers. BlueOptions features a variety of coverage options and ways for employers and employees to finance them, including high-deductible plans compatible with health savings accounts.

Customer Choices

With more information, customers can make informed health care decisions

Excellent care is provided through NetworkBlue, our network of high-quality physicians and other health care providers now available in all of Florida's 67 counties. Since its 2004 introduction, BlueOptions has become so popular that more than 550,000 Floridians rely upon this product.

This product, along with its network design and new administrative platform, has allowed BCBSF to attract many new Floridians into the BCBSF family of covered lives. A key to this success has been several innovative product designs and the ability to offer employers of both large and small groups a combination of plans to meet the unique needs of employees.

BCBSF's Mission mandates that we enhance access to affordable health care for all Floridians. The recent introduction of BCBSF's lower-cost BlueOptions plans, priced an average of 50 percent lower than our most popular conventional plan, is one way the company is diligently working to deliver on our Mission. The design is based on significant market research resulting in products with tailored benefits that best meet diverse needs, especially for small businesses and the individual market.

The lower-cost plans offer advantages that are similar to even the most expensive BlueOptions plans, including our extensive worldwide physician and hospital network. The plans are all designed to protect employees and their families from financial disaster in case of serious illness or injury, backed by the BCBSF standards for service.

By offering a variety of coverage options, BCBSF is providing access to affordable, high-quality health care while delivering excellent service and meaningful choices.



*Jerald Carlson,
Steve Farmer (center)
and Giska Hinds*

HEALTH SAVINGS ACCOUNTS

Physician-owned Suncoast Medical Clinic in St. Petersburg, Fla., had a real problem. With full access to the clinic's various doctors, the 242 employees were driving medical claims higher and higher.

To help employees meet those deductibles and cover out-of-pocket costs, the clinic is funding health savings accounts (HSAs). An employer-funded HSA helps employees cover out-of-pocket costs and meet deductibles. Suncoast contributes to each HSA the full deductible (\$1,250) for single employees and half of the \$2,500 family deductible.

If employees don't use all their annual HSA funds, the monies roll over for future health expenses, or even retirement.

"It really allows them to make more informed health care decisions and control their costs more effectively," says Giska Hinds, the clinic's human resources director. "Also, they don't have to 'use it or lose it' each year like they did with our previous flexible spending accounts."

Steve Farmer, of Wallace, Welch & Willingham Inc., an independent broker, who consulted and recommended the BCBSF policy, agrees. "When it's the employees' money, behavior changes 180 degrees."

This year, most of the employees opted for an HSA/BlueOptionsSM plan, and the plan benefits are apparent, says Hinds. "The plan Web site helps employees select appropriate doctors and care and learn they don't have to buy the most expensive medicines. Generics are gaining a lot of popularity."

Outreach

alliance with Arkansas Blue Cross and Blue Shield



In a partnership expected to greatly benefit our customers, Blue Cross and Blue Shield of Florida (BCBSF) has joined Arkansas Blue Cross and Blue Shield (ABCBS) to form Life and Specialty Ventures, LLC (LSV). This new alliance combines both organizations' life and specialty business products (dental, long-term care, workers' compensation, administrative services and flexible spending and health reimbursement accounts).

"This alliance enables the Arkansas and Florida plans to offer products and services superior to those that each plan could offer independently," says Jason Mann, the LSV chief executive officer who formerly headed ABCBS's operations in Southwest Arkansas.



"As a result, our companies will enhance our resources for customers so that they continue to think of us first for their health-related product needs and see us playing a major role in their lives."

Because it leverages the complementary strengths of each plan's product lines, LSV has helped BCBSF offer customers a growing array of quality product choices since the alliance began on July 1, 2005. For example, the venture is already enhancing the short- and long-term-disability products available to Florida residents. Arkansas residents now have access to additional dental coverage, and the alliance is launching a new national dental network providing dental coverage across the country for employees of Florida- and Arkansas-based companies.

"Meanwhile," says Terri Schmidt, LSV's executive vice president for business development, "economies of scale achieved from the combined operations will improve our efficiency. Over time, that will translate into products and services that are more competitive in terms of both price and benefits."

Since the alliance could attract more Blue Plans and further expand its size, reach and capabilities, those economies of scale could easily mushroom.

Alliance with Arkansas ***Working together provides*** ***customers with superior products***

Schmidt adds, "This year, we're beginning to effectively integrate products such as life and disability with BCBSF's health plans so that we can provide one-stop shopping for customers interested in more than just our core health products."

LSV, based in Arkansas, has offices in Little Rock, Ark., and Jacksonville, Fla. Its board of directors and executive team comprise officials from the ABCBS and BCBSF.



ALLIANCE BENEFITS

Bringing superior products and services to valued customers:

- National dental network
- Short and long-term-disability products
- Life and diversified products

Commitment

senior solutions



Eleanor Zelusky has a good understanding of Medicare Part D thanks to help from her daughter, BCBSF senior ambassador Cindy Fortenberry.

With the advent of Medicare Part D prescription drug coverage, Blue Cross and Blue Shield of Florida (BCBSF) has reaffirmed its deep commitment to Florida's seniors with the creation of a distinct business area, Senior Solutions. Its purpose: to deliver inventive, high-quality, competitive products and solutions distinctly tailored to meet the needs and expectations of Florida's seniors.

"In Florida, where there are nearly 4 million people over age 65, a focus on seniors and their evolving needs is critical to our company's overall success and very much in keeping with our company's Vision of providing affordable, quality health care to Floridians," says Barbara Benevento, group vice president, Senior Solutions.

With 19 companies offering more than 40 different drug plans in Florida, BCBSF knew that seniors would have many options from which to choose for their Medicare Part D coverage. In response, BCBSF developed two BlueScript® for Medicare Part D plans that provide valuable services and benefits. Among the benefits: an open formulary that includes all prescription drugs that Medicare allows. Another major benefit is that BCBSF does not impose any requirement that alternate

Senior Solutions

Ambassadors help seniors understand Medicare choices

drugs must be tried before an originally prescribed drug can be filled. Many of our lower-cost competitors impose this "step therapy" restriction on drug access for certain drugs, which can present a level of hassle and frustration to members.



BCBSF senior educators

In addition, BCBSF senior educators are appearing at health fairs and other public events throughout the state to help seniors of all backgrounds and ethnicities better understand Medicare Part D and Medicare in general, as well as our products and services.

"I've been surprised how pleased and thankful people are that we're willing to take time to explain Medicare Part D to them," says Craig Chambers, a BCBSF senior educator. "Certainly, we'd like them to buy a plan, but we don't pressure anyone. We're there to educate them."

As part of our Meet Med D program, more than 250 BCBSF employees volunteered as senior ambassadors in a grassroots, word-of-mouth effort to share Part D information with coworkers, family, friends and the public. Another 250 employees are getting a regular *Route 65* newsletter so that they, too, can inform family and friends about Medicare Part D. "When you break it down and put it into simple language that people understand, it's like a lightbulb going off," says Cindy Fortenberry, one of our senior ambassadors. "It makes me feel good that I can help."

MEDICARE PART D OPTIONS

If any senior would understand the new Medicare Part D prescription drug program, you would think it would be Eleanor Zelusky.

Even though she worked as a nurse at St. Vincent's Medical Center in Jacksonville, Fla., for 38 years, the 70-year-old and her retired colleagues were stumped. "It was so confusing because there were so many companies out there vying for our premium," Zelusky says. "We didn't even know which questions to ask."

Fortunately, she could turn to her daughter, Cindy Fortenberry, a BCBSF customer service training design and development specialist. "I knew my mother and her friends would be picking my brain, so I signed up to be a senior ambassador," says Fortenberry, whose mother lives with her.

Relying upon online information and printed handouts she received from BCBSF, Fortenberry helped her mother better understand her options. At her mother's request, she spoke at an AARP meeting in St. Augustine and arranged for Craig Chambers, a BCBSF senior educator, to speak to her mother's St. Vincent's retiree group.

"Some of my friends commented that other companies came primarily to sell their program," says Zelusky. "They didn't give us the detailed information Craig gave us about the basic plan and what we needed to look for in making a decision."

"We were totally impressed."

Zelusky, who had been paying more than \$5,000 a year for her 12 prescription drugs, ultimately selected a BCBSF Part D plan. She's pleased her costs have been greatly reduced and with all the help she got from her daughter and BCBSF. "You can't do it alone," she says about making her decision. "It's not that easy."

Contribution

disaster recovery



BCBSF employees volunteered their time to do post-storm recovery work at the home of this Pensacola woman.

One after another they came. Hurricane Ivan, devastating Pensacola in September 2004. Hurricane Dennis, hitting the same region 10 months later. Then farther to the west, Katrina, raking the Gulf Coast. The hurricanes spread storm surges, high winds and Katrina refugees across the Florida Panhandle.

Nature's fury exposed not only building foundations but also weaknesses in the social services safety net and the country's disaster-response capabilities.

Disaster Recovery

Improving collaboration between health and social services agencies

Into that breach, Blue Cross and Blue Shield of Florida (BCBSF) brought critically needed funding, willing hands and know-how to help the region recover. In 2004 and 2005, BCBSF contributed more than \$1 million to statewide hurricane-relief efforts, plus another \$25,000 donation to the newly created Rebuild Northwest Florida organization.

BCBSF and The Blue Foundation for a Healthy Florida brought together a broad cross section of community leaders faced with the challenges of hurricane recovery efforts. Our experience in improving collaboration between health and social service agencies elsewhere in Florida prompted us to sponsor a June 2005 alliance building and empowerment evaluation-training workshop for business and not-for-profit leaders in the affected areas.

"Part of BCBSF's Mission is to improve the health and well-being of all Floridians, including the underserved and uninsured," explains Michael S. Hutton, Ph.D., BCBSF senior policy analyst and grants manager for The Blue Foundation. "Many health and social service not-for-profits provide wonderful services, but they often need help to work together more efficiently."

One weakness highlighted by the Pensacola workshop was that the region's four counties were among the few in the state without a 211 information and crisis hotline system. By an October follow-up meeting, the group had determined that such a system was vital to meet current needs and enhance future disaster preparedness.

In addition to contributing \$250,000 to the United Way to help fund a statewide 211 network, BCBSF continued facilitating efforts to launch the Panhandle's 211 network, which is planned to be operational during summer 2006.

"Dr. Hutton and his staff lent their expertise to help this region develop how we're going to work together, provided training and raised awareness about the importance of this 211 concept," says Jean Norman, president of the United Way of Escambia County. "They've really been an invaluable asset."



REBUILDING NORTHWEST FLORIDA

Complementing the company's cash contribution, BCBSF dedicated employees have been leaders in helping the Rebuild Northwest Florida organization, which has repaired and rebuilt nearly 800 low-income homes.

"BCBSF has been amazing," says Carolyn Appleyard, executive director of Rebuild Northwest Florida.

"They're the number one corporate group, with 68 volunteers — both locally and from Jacksonville — contributing 479 hours of their time."

Of the 65 employees in BCBSF's Pensacola office, about 50 employees suffered home damage from Hurricane Ivan, including nine left homeless. Besides pitching in on one another's houses, 40 employees have been involved in Rebuild Northwest Florida's efforts. While these 40 hammered away, the rest of the staff covered for them in our local office.

Working on four houses, the BCBSF employees cleaned out old insulation, put up new wallboard and installed new flooring — while receiving their regular BCBSF pay.

"It's really helped us heal," says Janet Speranzi-Cannon, administration manager for our Pensacola office. "Getting out into the community and working for and with people we hadn't known, to help them rebuild their lives, has been very enriching."

"Almost two years later, we can look back and appreciate how warm and giving this community is."

Guidelines

for community giving



Our charitable community investments correspond with our overall business goal to provide quality health solutions for all Floridians. BCBSF community investments include charitable contributions, volunteers and in-kind support.

Our community investment strategy is designed to make a meaningful impact on improving the quality of life for our customers, neighbors, business partners, friends and families. To maximize our charitable resources, BCBSF focuses our community investments on helping to solve four key social issues:

1. Providing better access to high-quality health care for the poor and uninsured;
2. Solving Florida's nursing shortage;
3. Improving literacy and early-childhood education; and
4. Advancing health for all Floridians through better physical fitness



To apply for a BCBSF community investment, qualifying organizations with a 501(c)(3) IRS status can complete the Application for Community Investment found on our Internet site, www.bcbsfl.com. Under the "Visitors" section, go to "BCBSF in the Community" and then "Community Relations" to find the button that will access the application.



TUTTLE AWARD

BCBSF lauded for South Florida contributions

Blue Cross and Blue Shield of Florida (BCBSF) received the Greater Miami Chamber of Commerce's (GMCC) 2005 Julia Tuttle Award for Community Involvement and Corporate Citizenship. BCBSF was nominated by Miami Children's Hospital Foundation.

Between 2002 and 2005, BCBSF contributed 144 gifts to 77 diverse not-for-profit organizations focusing on health, education, the arts, social welfare and civic engagement in Miami-Dade County. Our employees volunteer thousands of hours annually for local not-for-profit organizations, while our executives serve on the boards of more than

20 South Florida not-for-profit organizations, assisting with business development and strategic planning.

"We salute BCBSF for understanding the value of engagement, commitment and investments in the local community," says Barry Johnson, president and CEO of the GMCC.

"Their leadership in the support of important organizations in South Florida challenges other corporate leaders to step up to the plate and demonstrate their commitment."

Community Investments

ALACHUA COUNTY

Alachua County Public Schools
Foundation Inc.
American Cancer Society
American Heart Association
Alachua Division
National Sheriff's Association
Gift of Life Foundation
United Way of Alachua County
University of Florida Speech and
Hearing Clinic

BAKER COUNTY

Baker County Council on Aging

BAY COUNTY

Bay Cares Inc.
United Way of Northwest Florida

BREVARD COUNTY

Wuesthoff Health System Foundation

BROWARD COUNTY

Alzheimer's Family Center
American Red Cross
ARC Broward (Achievement and
Rehabilitation Centers Inc.)
Bonnet House



Boys and Girls Clubs
Broward Children's Center
Broward Homebound Program
Broward Partnership for the
Homeless Inc.
Catholic Charities of the Archdiocese
of Miami Inc.

Catholic Health Services Foundation
Council for Educational Change
Cystic Fibrosis Foundation
Holy Cross Hospital Inc.
March of Dimes
The Museum of Art
of Fort Lauderdale
Nova Southeastern University
United Way of Broward County
Young at Art Children's Museum

CITRUS COUNTY

Citrus Memorial Hospital

CLAY COUNTY

American Cancer Society
Clay County Chamber of Commerce

DADE COUNTY

Alzheimer's Care Committee/
NOTABLES
American ORT Florida Region
American Red Cross
Baptist Health South Florida
Foundation
Black Executive Forum
Camillus Health Concern
Children's Resources Fund
Community Partnership for
Homeless Inc.
The Concert Association of Florida
Florida Heart Research Institute
Girl Scouts of Tropical Florida Inc.
Health Council of South Florida
Informed Families/
The Florida Family Partnership
Institute for Cuban and
Cuban-American Studies
The Links Inc.
The M. Athalie Range Cultural Arts
Foundation Inc.
Miami Children's Hospital Foundation
Miami Children's Museum
Miami Jewish Hospital and Home
for the Aged
Mother's Voices South Florida

New World School of the Arts
Orange Bowl Foundation
Partnership for Recovery
The Playground Theatre for Young
Audiences Inc.
Susan G. Komen Breast Cancer
Foundation
Theodore R. Gibson Memorial Fund
United Negro College Fund
United Way of Miami-Dade

DUVAL COUNTY

The Academy of Medicine
of Jacksonville
A.L. Lewis Historical Society
All Saints Early Learning and
Community Care Center Inc.
The Alliance for World Class Education
Alzheimer's Association
American Cancer Society
American Diabetes Association
American Heart Association
American Lung Association
American Red Cross
The Arc Jacksonville
Baptist Health Foundation
Beaches Fine Arts Series Inc.
Best Buddies Florida
Bethune-Cookman College
Big Brothers & Big Sisters
Black Pages USA
Boy Scouts of America
Boys and Girls Clubs
Cathedral Arts Project Inc.
Catholic Charities Bureau Inc.
The Center for Practical Health
Reform Inc.
Child Cancer Fund
Children's Home Society of Florida
Children's International Summer
Villages
Community Asthma Partnership
Community Connections
of Jacksonville Inc.

Community Health and Development Inc.
 Community Hospice
 Community Rehabilitation Center Inc.
 Cultural Council of Greater Jacksonville
 The Cummer Museum of Art and Gardens
 Cystic Fibrosis Foundation
 DePaul School
 Don Brewer Foundation
 Downtown Ecumenical Services Council
 Episcopal Children's Services
 Family Care Connections
 Family Nurturing Center of Florida
 First Coast Family Center
 First Coast Hispanic Chamber of Commerce
 Flagler Health Care Foundation Inc.
 Florida A&M University
 Florida Academy of Family Physicians Foundation
 Florida Community College Artist Series
 Florida Community College at Jacksonville Foundation



Florida Council on Economic Education
 Florida Poison Information Center
 Fresh Ministries
 Girl Scouts of Gateway Council Inc.
 Girls Inc.

Girls on the Run of Northeast Florida
 Great 100 Nurses of Northeast Florida Inc.
 Grove House of Jacksonville Inc.
 Guardian of Dreams
 Health Planning Council of Northeast Florida
 Hubbard House
 I.M. Sulzbacher Center for the Homeless
 Jacksonville Chamber of Commerce
 Jacksonville Children's Commission
 Jacksonville Community Council Inc.
 Jacksonville Film Events Inc.
 Jacksonville Fire and Rescue Department
 Jacksonville Fraternal Order of Police
 Jacksonville Jaguars Foundation
 Jacksonville Museum of Modern Art
 Jacksonville Public Library Foundation
 Jacksonville Symphony Association
 Jacksonville University
 Jacksonville Urban League Inc.
 Jacksonville Zoological Gardens



Jewish Community Alliance
 Junior Achievement of Florida's First Coast
 Juvenile Diabetes Research Foundation
 The Katie Caples Foundation
 Kesler Mentoring Connection

Leadership Jacksonville
 Learn to Read Inc.
 Lutheran Social Services
 MaliVai Washington Kids Foundation
 March of Dimes
 Mary L. Singleton Memorial Foundation
 Mayor's Commission on the Status of Women
 McLaughlin Foundation Inc.
 Men Against Destruction – Defending Against Drugs and Social Disorder
 Mental Health Association
 Monique Burr Foundation for Children Inc.
 Museum of Science and History
 National Association for the Advancement of Colored People
 National Football League Players Association
 National Multiple Sclerosis Society – North Florida Chapter
 National Speaking of Women's Health Foundation
 Northeast Florida Builders Association
 Northeast Florida Center for Community & Justice Inc.
 Northeast Florida Council on Alcoholism and Drug Addiction
 Northeast Florida Healthcare Summit
 Northeast Florida KidCare
 Operation New Hope
 Otis Smith Kids Foundation
 The Ounce of Prevention Fund of Florida
 PACE Center for Girls of Jacksonville
 Pine Castle Inc.
 Players by the Sea
 Police Athletic League of Jacksonville
 Retired NFL Players Association Jacksonville
 The RITA Foundation Inc.
 Ritz Chamber Music Society Inc.

Community Investments, CONTINUED

River Garden Foundation
 Riverside Fine Arts Association
 Ronald McDonald House
 The Salvation Army Women's Auxiliary
 The Sanctuary on 8th Street
 Seamark Ranch Inc.
 Spina Bifida Association
 St. Vincent's Foundation Inc.
 Susan G. Komen Breast Cancer Foundation
 Theatre Jacksonville
 Theatreworks
 Tots 'N' Teens Theatre Inc.
 Trinity Rescue Mission
 United Way of Northeast Florida
 University of North Florida Foundation Inc.
 USO Greater Jacksonville Area Council
 Volunteer Jacksonville
 Volunteers in Medicine Jacksonville Clinic
 We Care Jacksonville Inc.
 Wealth Watchers Inc.
 The Wellness Council of Florida
 Willie E. Gary Classic Inc.
 Wolfson Children's Hospital, Women's Board
 Women of Color Cultural Foundation Inc.
 Women's Center of Jacksonville
 YMCA of Florida's First Coast

ESCAMBIA COUNTY

American Cancer Society
 Community Drug and Alcohol Council
 Florida Panhandle Breast Cancer Association
 Junior Achievement of Northwest Florida Inc.
 March of Dimes
 United Way of Escambia County

HAMILTON COUNTY

Hamilton County Council on Aging

HILLSBOROUGH COUNTY

A Gift for Teaching
 American Cancer Society



Child Abuse Council
 Crisis Center of Tampa Bay
 Employers Health Coalition Inc.
 Florida Education Freedom Foundation
 March of Dimes
 Odessa Chambliss Quality of Life Fund Inc.
 The Spring of Tampa Bay
 St. Joseph's Children's Advocacy Center
 Tampa Bay Alliance
 Tampa Bay Performing Arts Center
 Tampa Metropolitan Area YMCA Inc.
 United Way of Tampa Bay
 University of South Florida Foundation

HIGHLANDS COUNTY

School Board of Highlands County

LAKE COUNTY

Camp Boggy Creek

LEE COUNTY

American Heart Association
 The Foundation for Lee County Public Schools Inc.
 Junior Achievement

March of Dimes
 Neighborhood Health Clinic

LEON COUNTY

Communities in Schools of Florida
 Florida A&M University



Florida A&M University Foundation
 Florida Chamber of Commerce
 Florida Medical Association Alliance
 Girls and Boys Town of North Florida
 Leadership Florida
 Lee's Place
 March of Dimes
 United Way of the Big Bend

MANATEE COUNTY

Palmetto Youth Center

NASSAU COUNTY

Barnabas Center
 Micah's Place

ORANGE COUNTY

The African-American Chamber of Commerce of Central Florida
 American Red Cross
 Arthritis Foundation
 The Association to Preserve African-American Society, History and Tradition Inc.
 Charity Challenge
 Children's First Central Florida
 Covenant House Florida Inc.
 Enterprise Florida

Florida Hospital Foundation
 Formet Foundation
 Hispanic Business Initiative Fund
 of Greater Orlando Inc.
 Hispanic Heritage Scholarship Fund
 Junior Achievement
 LBS Foundation Inc.
 March of Dimes
 National Bar Association
 Orlando Regional Chamber
 of Commerce
 Philanthropy Center at Rollins College
 Taste of the Nation
 Tuskegee Airmen Inc.
 The United Negro College Fund Inc.
 United Way Heart of Florida
 University of Central Florida
 Foundation
 Winter Park Chamber of Commerce

PALM BEACH COUNTY

American Red Cross
 Florida Atlantic University
 Migrant Association
 of South Florida Inc.
 Palm Beach Community Chest Inc.
 Palm Beach County Medical Society
 Services
 Palm Healthcare Foundation
 United Way of Palm Beach County
 Wayside House

PASCO COUNTY

The Good Samaritan Health Clinic of
 Pasco Inc.

PINELLAS COUNTY

Goodwill Industries-Suncoast Inc.
 Partnership for a Healthier
 Pinellas Inc.
 Tampa Bay Healthcare Collaborative Inc.

PUTNAM COUNTY

Foundation for Rural Education
 Excellence Inc.
 Patient Centered Health Network
 (PCHN)

ST. JOHNS COUNTY

American Cancer Society
 American Heart Association
 United Way of St. Augustine and
 St. Johns County

ST. LUCIE COUNTY

United Way of St. Lucie County

SANTA ROSA COUNTY

Santa Rosa County School District

SARASOTA COUNTY

Education Foundation of Sarasota
 County Inc.
 Senior Friendship Centers Inc.

SEMINOLE COUNTY

The Central Florida Pharmacy Council
 Jeppesen VisionQuest Inc.

TAYLOR COUNTY

Taylor County School Board

VOLUSIA COUNTY

Bethune Cookman College School
 of Nursing

STATEWIDE

First Book
 Florida Chamber of Commerce
 Florida Emergency Medicine
 Foundation
 Florida House on Capitol Hill
 Florida Hurricane Relief Fund
 Florida Insurance Education
 Foundation
 Healthy Florida Foundation
 Leadership Florida
 National Legal Aid & Defender
 Association
 The Katie Caples Foundation

University of Florida Foundation Inc.
 Volunteer Florida Foundation Inc.

NORTHEAST FLORIDA

Builders Care Inc.
 daniel Foundation



Jacksonville Symphony Orchestra
 Association
 Junior Achievement of Florida's
 First Coast
 Northeast Florida Builders
 Association
 University of North Florida
 Foundation Inc.

NORTHWEST FLORIDA

Dixie, Levy and Gilchrist
 County Schools
 Rebuild Northwest Florida Inc.
 Trenton Medical Center Inc.

SOUTH FLORIDA

Epilepsy Foundation
 of South Florida Inc.
 Sant La Haitian Neighborhood Center

SOUTHWEST FLORIDA

Family Health Centers of Southwest
 Florida Inc.

CONNECTICUT NEW HAVEN COUNTY

City of Meriden
 United Way of Meriden and
 Wallingford

Financial Statements

2005 financial report

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

**To the Board of Directors of Blue Cross
and Blue Shield of Florida, Inc.,**

In our opinion, the accompanying consolidated balance sheets, the related consolidated statements of income and comprehensive income and the consolidated statements of cash flows present fairly, in all material respects, the financial position of Blue Cross and Blue Shield of Florida, Inc., and its subsidiaries (the Company) at December 31, 2005 and 2004, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

March 3, 2006

PricewaterhouseCoopers LLP

CONSOLIDATED BALANCE SHEETS

Blue Cross and Blue Shield of Florida, Inc. and Subsidiaries

	As of Dec. 31 2005 <i>(in millions)</i>	As of Dec. 31 2004 <i>(in millions)</i>
ASSETS		
Investments:		
Fixed maturities, available for sale	\$ 2,062	\$ 1,949
Equity securities, available for sale	851	709
Securities lending collateral	563	473
Cash and cash equivalents	249	268
Total investments	3,725	3,399
Receivables:		
Premiums and other, net	297	259
Reimbursable contracts	120	117
Federal Employees Health Benefits Program	294	299
Total receivables	711	675
Property, equipment and computer software, net	376	358
Goodwill	77	77
Prepaid and other assets	404	307
Deferred acquisition costs	126	111
Total assets	\$ 5,419	\$ 4,927
LIABILITIES		
Liabilities for policyholders' benefits:		
Claims outstanding	\$ 412	\$ 456
Reimbursable contracts	120	117
Policy reserves	606	545
Total liabilities for policyholders' benefits	1,138	1,118
Unearned premium income:		
Premiums	168	163
Federal Employees Health Benefits Program	294	299
Accrued payroll and related benefits	320	309
Bank overdrafts	270	271
Accounts payable and accrued expenses	319	285
Securities lending payable	563	473
Long-term debt	149	149
Total liabilities	3,221	3,067
Commitments and contingencies (Notes 6, 7 and 9)		
POLICYHOLDERS' EQUITY		
Policyholders' equity (Note 11)	2,198	1,860
Total liabilities and policyholders' equity	\$ 5,419	\$ 4,927

The information presented above should be read in conjunction with the consolidated audited financial statements and accompanying notes. If you would like to obtain a copy of the consolidated audited financial statements, please contact 904.905.6656 or send an email to blueviews@bcbsfl.com.

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

Blue Cross and Blue Shield of Florida, Inc. and Subsidiaries

	For the year ended Dec. 31 2005 <i>(in millions)</i>	For the year ended Dec. 31 2004 <i>(in millions)</i>
Premiums earned	\$ 6,376	\$ 6,071
Amounts attributable to self-funded arrangements	4,798	4,014
Less amounts attributable to claims under self-funded arrangements	(4,324)	(3,592)
Net premiums and fees earned	6,850	6,493
Investment and other income	125	124
Total revenue	6,975	6,617
Claims and medical expenses	4,981	4,771
Cost containment and other claims adjustment expense	415	412
Operating expenses	1,065	987
Interest expense	9	12
Total expenses	6,470	6,182
Income before provision for income taxes	505	435
Provision (benefit) for (from) income taxes:		
Current	193	157
Deferred	(28)	(19)
Total provision for income taxes	165	138
Net income	340	297
Other comprehensive income:		
Minimum pension liability adjustment (net of \$1 million deferred income tax benefit and \$2 million deferred income tax provision)	(2)	4
Change in net unrealized gains on investments (net of \$6 million and \$18 million in deferred income tax provision)	10	29
Comprehensive income	\$ 348	\$ 330

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CONSOLIDATED STATEMENTS OF CASH FLOWS

Blue Cross and Blue Shield of Florida, Inc. and Subsidiaries

	For the year ended Dec. 31 2005 <i>(in millions)</i>	For the year ended Dec. 31 2004 <i>(in millions)</i>
Cash flows from operating activities:		
Net income	\$ 340	\$ 297
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	105	99
Net realized loss (gain) on disposal of assets	1	(10)
In-kind contribution of equity securities to charitable organizations	12	8
Increase in certain assets:		
Premiums and other receivables	(59)	(69)
Reimbursable contracts receivable	(3)	(13)
Prepaid and other assets	(77)	(88)
Deferred acquisition costs	(15)	(24)
(Decrease) increase in certain liabilities:		
Claims outstanding	(44)	(27)
Reimbursable contracts	3	13
Policy reserves	106	104
Unearned premium income	5	24
Accrued payroll and related benefits	9	(5)
Accounts payable and accrued expenses	38	60
Net cash provided by operating activities	421	369
Cash flows from investing activities:		
Proceeds from sales and maturities of fixed maturities	1,649	1,372
Proceeds from sales of equity securities	144	110
Cost of fixed maturities purchased	(1,883)	(1,627)
Cost of equity securities purchased	(220)	(258)
Investment in affiliate	(21)	1
Purchase of property, equipment and computer software	(98)	(77)
Net cash used in investing activities	(429)	(479)
Cash flows from financing activities:		
Bank overdrafts	(1)	79
Redemption of subsidiary preferred stock	(10)	—
Net cash (used in) provided by financing activities	(11)	79
Net decrease in cash and cash equivalents	(19)	(31)
Cash and cash equivalents:		
Beginning of year	268	299
End of year	\$ 249	\$ 268
Supplemental disclosures:		
Interest paid	\$ 12	\$ 12
Taxes paid	188	164
Significant non-cash transactions:		
Minimum pension liability adjustment	2	(4)
Contribution of subsidiaries to joint venture (Note 1)	38	—

The information presented above should be read in conjunction with the consolidated audited financial statements and accompanying notes. If you would like to obtain a copy of the consolidated audited financial statements, please contact 904.905.6656 or send an email to blueviews@bcbsfl.com.

Leadership

Board of Directors

Back row (left to right):

Robert M. Beall II
Barbara S. Thomas
Henry H. Beckwith
Tracy A. Leinbach
DuBose Ausley
Edward L. Boykin

Front row (left to right):

Gonzalo F. Valdes-Fauli
Robert I. Lufrano, M.D.
Catherine P. Bessant
Frank P. Scruggs Jr.



DuBose Ausley

Attorney
 Ausley & McMullen
 Tallahassee, Fla.

Robert M. Beall II

Executive Chairman
 Beall's Inc.
 Bradenton, Fla.

Henry H. Beckwith

Senior Vice President
 W.W. Gay Mechanical
 Contractors Inc.
 Jacksonville, Fla.

Catherine P. Bessant

Global Treasury Services Executive
 Bank of America Corporation
 Charlotte, N.C.

Edward L. Boykin

Certified Public Accountant
 Lutz, Fla.

Tracy A. Leinbach

Retired Chief Financial Officer
 Ryder System Inc.
 Coconut Grove, Fla.

Robert I. Lufrano, M.D.

Chairman and Chief Executive Officer
 Blue Cross and Blue Shield of Florida
 Jacksonville, Fla.

Frank P. Scruggs Jr.

Attorney
 Delray Beach, Fla.

Barbara S. Thomas

Retired Chief Executive Officer
 Ocean Spray Cranberries Inc.
 Belleair, Fla.

Gonzalo F. Valdes-Fauli

Chairman
 Broadspan Capital, LLC.
 Key Biscayne, Fla.

Office of the CEO



Back row (left to right):

Charles S. Joseph
Cyrus M. Jollivette
L. Joseph Grantham
Barbara H. Hunter
R. Chris Doerr
Robert I. Lufrano, M.D.

Front row (left to right):

Duke Livermore
Nick E. Stam
Jeannette W. Ekh

Robert I. Lufrano, M.D.

Chairman and Chief Executive Officer

R. Chris Doerr

Executive Vice President, Chief
Administrative Officer and Chief
Financial Officer

Jeannette W. Ekh

Senior Vice President and
Chief Information Officer

L. Joseph Grantham

Executive Vice President,
Corporate Strategy

Barbara H. Hunter

Senior Vice President,
Human Services

Cyrus M. Jollivette

Senior Vice President,
Public Affairs

Charles S. Joseph

Senior Vice President, General Counsel
and Corporate Secretary

Duke Livermore

Executive Vice President,
Operations

Nick E. Stam

Senior Vice President,
Health Business and
External Affairs

THE BLUE FOUNDATION FOR A HEALTHY FLORIDA

The Blue Foundation
FOR A HEALTHY FLORIDA



The Blue Foundation for a Healthy Florida and its Parent, Blue Cross and Blue Shield of Florida, are Independent Licensees of the Blue Cross and Blue Shield Association.

THE FOUNDATION

The Blue Foundation for a Healthy Florida is a philanthropic foundation established in 2001 by Blue Cross and Blue Shield of Florida (BCBSF) to promote better health in the state. With the creation of this 501(c)(3) organization, BCBSF has helped pave the way for many needy individuals and families who otherwise might not have access to quality health care or an opportunity to further their health care education. In addition, The Blue Foundation effectively broadens the company's promise to provide caring solutions to Floridians and bolsters its commitment to the public good. Building on an initial investment of \$5 million and subsequent donations from BCBSF, The Blue Foundation's total assets grew to \$44 million at year-end 2005.

MISSION

The Blue Foundation for a Healthy Florida shall enhance access to quality health-related services for Floridians, particularly the underserved and uninsured. The Blue Foundation partners with community leaders to recognize and support strategies that advance the health and well-being of underserved and uninsured Floridians.

To achieve its goals, The Blue Foundation will strategically focus grant allocations toward philanthropic, community-based solutions to improve program capacity and reduce barriers to access; nurture community health leadership to reinforce local solutions, foster innovation and sustain quality; and leverage financial, human and other resources to maximize measurable impact.

A Message from the Foundation President



Randy M. Kammer
President

Board of Directors
The Blue Foundation
for a Healthy Florida

In our fifth year of grant making, I am amazed by The Blue Foundation for a Healthy Florida's growth and increased capacity to make a difference in the health and lives of uninsured and underserved Floridians.

The Blue Foundation was launched with a \$5 million endowment. As of December 2005, our endowment totaled \$44 million. That places us among the larger health foundations in the state of Florida. Since inception, the foundation has awarded more than 100 grants totaling more than \$5 million and benefiting more than 140,000 people.

This past year, The Blue Foundation introduced a new initiative — The Sapphire Award — to recognize and promote community health programs that create a significant, positive impact on health-related outcomes for the state's at-risk citizens and communities. Winners of The Sapphire Award are models of excellence and demonstrate best practices that inspire other organizations in the delivery of services to the uninsured and underserved. The financial awards presented to the three winners, four honorable mentions and three finalists are being used to increase and enhance the programs for which they were recognized.

While The Blue Foundation supports proven, traditional methods of reaching Floridians in need, we also encourage innovative ideas and approaches to accessible, high-quality health care for our target populations. Our efforts alone cannot erase the health care challenges and needs in our state. But, by channeling funds to nonprofit organizations for innovative programs, capacity building and alliances and partnerships, we can assist in improving the lives of thousands of Floridians.

The Blue Foundation for a Healthy Florida is an independent corporation. But in all of our endeavors, we fulfill the Mission and Vision of Blue Cross and Blue Shield of Florida, providing a positive impact on the delivery of health services to the state's uninsured and underserved.

This report highlights some of The Blue Foundation's 2005 grant recipients and illustrates how they exemplify the core principles that guide our actions.

A handwritten signature in black ink, appearing to read 'Randy M. Kammer'.

Randy M. Kammer
President
Board of Directors

A Letter from the Executive Director



Susan B. Towler, A.P.R.
Executive Director

The Blue Foundation
for a Healthy Florida

On behalf of The Blue Foundation for a Healthy Florida, I would like to thank those who have given their talents, time and energy to enhance the health and well-being of uninsured and underserved Floridians. Your compassion, spirit and service are truly perfect gifts.

I want to thank the foundation board of directors for their leadership in helping the foundation live out its mission and vision of providing better health for those who are most in need in our state. I would also like to personally thank the volunteer employee review team for their passion for community service. And, we couldn't do our work without the tremendous support we receive from Blue Cross and Blue Shield of Florida (BCBSF) employees. The work they do behind the scenes to help us with our efforts is vital to our success. I am privileged to work with such dedicated professionals.

Thank you to the BCBSF board of directors and leadership team for the funding that makes our important work possible. You truly understand the foundation's value and appreciate the work we do in partnership with our grantees.

I would like to acknowledge the members of The Sapphire Award Selection Committee. This group of medical, community health and health communications experts from across the country provided the leadership and expertise in identifying the inaugural recipients of The Sapphire Award, our new program to recognize community health excellence.

And I'd like to recognize the work of our grant recipients. One cannot place a monetary value on the efforts of these groups to make a difference in the quality of life of so many who otherwise would not have access to health care services.

Thanks to all of you, we celebrate five years of grant making. But we cannot rest on these accomplishments. We have much work ahead. With your continuing support, our star will continue to rise, and we will see improved health outcomes among those most in need.

Susan B. Towler, A.P.R.
Executive Director

Enhancing

access to health care



The primary goal of The Blue Foundation for a Healthy Florida is to increase access to quality health care for underserved populations in the state. Grants during 2005 to the Migrant Association of South Florida Caridad Center and St. Joseph's Children's Advocacy Center reinforced that commitment.

THE FAMILY DIABETES PREVENTION PROJECT

The Caridad Center provides free medical and dental care to low-income individuals from its Boynton Beach clinic. The center received a two-year grant from The Blue Foundation totaling \$100,000 to support its diabetes screening, treatment, monitoring and health education program. Most of the patients are Hispanic, and 15 to 20 percent either have diabetes or are at risk for the disease.

The center's new program, the Family Diabetes Prevention Project, initially involved 25 families that included at least one member with diabetes. Stressing a diet that is healthy but remains true to the Hispanic culture, plus the value of exercise, the pilot program resulted in 42 of 49 participants losing between 5 and 39 pounds.

"When you think of a chubby 14-year-old losing 39 pounds and turning into a healthy young man, that will have a lasting impact on his whole life," says Pedro del Sol, the center's chief executive officer. "When we realized the program worked so well, we wanted to expand it to many more families."

The Blue Foundation grant is funding that expansion. Part of the center's innovative strategy is to involve families who have already experienced the program. "We're turning patients into advocates and educators," says del Sol. "It's often difficult for professionals to convince people to change or even come to meetings, but when it's their own friends and family members who have seen the difference it's made in their lives, we're hoping these patients-turned-advocates can be more effective."

Quality Health Care for All

helping people in underserved communities lead healthier lives

REACHING CHILDREN AND PREGNANT WOMEN

The St. Joseph's Children's Advocacy Center provides a mobile clinic that offers immunizations, well-child care services and pregnant-mother screenings to Hispanic residents in Hillsborough County. A two-year grant from The Blue Foundation totaling \$50,000 has enabled the center to expand the reach of a mobile clinic, staffed by a bilingual nurse and child advocate, into the rural southern and eastern portions of the county outside of Tampa.

Filling a void left by the closing of the area's only clinic serving migrant families, the center offers nutrition and parenting advice, car seats, developmental toys and help for pregnant mothers

to achieve healthy, full-term pregnancies and healthy children. The grant, in part, funds the work of a child advocate who helps families — if at all possible — to obtain health care through employers or programs such as Florida KidCare, the state's health insurance program for uninsured children.

"We don't treat children for illnesses on the bus, but we refer them to places where they can get health care inexpensively," says Melanie Hall, the center's program director.

As a result of The Blue Foundation grant, from July 2005 to April 2006 the mobile clinic was able to see an additional 118 children and 91 adults.

"Many of the children have multiple health problems resulting from not having good follow-up throughout infancy and childhood, including delayed immunizations, which make them more susceptible to illnesses, dental problems and developmental delays," says Hall. "Our goal is to find a way to get these families tied into the medical community so that they have a regular health care provider who knows the parents and their children and sees them throughout their childhood for normal matters, not just when they are ill."

Excellence

creatively approaching unmet needs



\$100,000 SAPPHIRE AWARD WINNERS

- **Camillus Health Concern, Miami**
- **Crisis Center of Tampa Bay Inc.**
- **The Rubin Center for Healthy Aging at Senior Friendship Centers in Sarasota**

HONORABLE MENTIONS (\$15,000 EACH)

- **Bay Cares Inc., Panama City**
- **Broward Children's Center Inc., Pompano Beach**
- **The Lawton and Rhea Chiles Center for Healthy Mothers and Babies at the College of Public Health, University of South Florida, Tampa**
- **Wayside House, Delray Beach**

FINALISTS (\$5,000 EACH)

- **Epilepsy Foundation of South Florida, Miami**
- **Neighborhood Health Clinic, Naples**
- **WE CARE, Jacksonville**

Founded five years ago to increase access to quality health-related services for the state's uninsured and underserved, The Blue Foundation for a Healthy Florida has provided not-for-profit organizations with more than 100 grants totaling nearly \$5.5 million.

In 2005, The Blue Foundation presented the inaugural Sapphire Award to recognize excellence in community health programming. The 2005 award winners represent programs that demonstrate excellence and achievements through processes that can be replicated in other communities and programs. "These organizations have demonstrated a creative and passionate approach to serving unmet needs in their communities," says Susan Towler, the foundation's executive director. "Their work is improving the health of thousands of individuals and families who might otherwise go without care."

A selection committee made up of medical, public health and health communications experts from across the country — including professors from in-state and other institutions ranging from the University of Washington to Harvard Medical School — determined the winners from among 85 nominees. Three winners received awards of \$100,000 each. Four honorable mentions each received \$15,000. Each of the three finalists received \$5,000.

\$100,000 SAPPHIRE AWARD WINNERS

Camillus Health Concern: Camillus provides free, comprehensive medical and mental health care services to more than 5,000 of Miami-Dade County's homeless and indigent. "Each year we continue to see more patients, but funding from our primary source, the federal government, continues to decrease," says Alina Perez-Stable, executive director, Camillus Health Concern. "The award is an incredible blessing and will help us to continue serving the same number of patients, or even more."

Crisis Center of Tampa Bay Inc.: Florida's largest provider of victim services assists more than 102,000 people a year, helping with suicide intervention, abuse counseling, rape crisis and resource referrals — all at no cost. The center partially funds its work with a basic life support ambulance service that generates more than \$500,000 annually.

It will use the funds from The Sapphire Award to initiate an internal social venture capital fund that will provide start-up funding for other ventures with the potential to be self-sustaining, including a forensic nursing training center. "Our goal is to be fully self-supporting financially within 15 years," says Dennis Ross, president and CEO, Crisis Center of Tampa Bay. "This is a compelling idea, and now we have substantial seed money, thanks to The Blue Foundation's generosity."

The Rubin Center for Healthy Aging at Senior Friendship Centers in Sarasota: Pioneer of Florida's volunteer physician program and the first volunteer dental clinic, the center provides both primary and specialty medical services to the medically needy, low-income seniors on Florida's west coast. In addition, the center provides continuing education to its volunteer physicians and conducts geriatric care training with three medical schools, a physician assistant program and several nursing schools.

Bob Carter, president and CEO of Senior Friendship Centers, says, "This award will allow us to serve many other seniors greatly in need of education and guidance on issues including nutrition, diabetes, heart wellness, balance movement and fall prevention.

"We're thrilled and overwhelmed by the award."



SAPPHIRE AWARD SELECTION COMMITTEE

Charles Mahan, M.D.

Selection Committee Chair

Professor, Community and Family Health/Obstetrics,
University of South Florida, Tampa, Fla.

Michael Beachler, M.P.H.

Director, Rural Health Policy Center, and Associate
Professor of Family and Community Medicine,
Pennsylvania State University College of Medicine,
Hershey, Penn.

Judy Ann Bigby, M.D.

Director, Community Health Programs, Office for
Women, Family and Community Programs, Brigham and
Women's Hospital, and Associate Professor of Medicine,
Harvard Medical School, Boston, Mass.

Cyril Blavo, D.O., M.P.H.

Director, Master of Public Health Program, and Professor
of Pediatrics and Public Health, Nova Southeastern
University, Fort Lauderdale, Fla.

Kristi Krueger

Television News Anchor and Health Reporter,
WPLG TV, Miami, Fla.

Lisa Simpson, M.B., B.Ch., M.P.H., FAAP

Chair, Child Health Policy, University of South Florida,
Department of Pediatrics, Division of Child Health
Outcomes, St. Petersburg, Fla.

James Stout, M.D., M.P.H.

Associate Professor of Pediatrics,
University of Washington, Seattle, Wash.

Randy M. Kammer

Vice President, Regulatory Affairs and Public Policy,
Blue Cross and Blue Shield of Florida, and President
of the Board of Directors, The Blue Foundation
for a Healthy Florida, Jacksonville, Fla.

Guiding Principles

and priorities



IMPROVED ACCESS

We value accessible, quality health-related services for all Floridians, with a particular emphasis on strategies that improve access to underserved and uninsured populations.

FOCUS

We believe in enhancing the capacity of programs deemed to have lasting impact more than investing in approaches that may have high numbers served with little or no sustained impact. Similarly, we believe that it is better for an applicant to have a clear focus rather than try to use funds in numerous ways that rapidly diffuse the impact of limited financial, human and other resources.

We value programs that directly address improving the access and quality of health care for racial and ethnic minorities and those with low income, thereby reducing the disparity of health care reaching these populations.



We value community-based solutions, including local health clinics, public health outreach efforts and well-defined programs that assist underserved and uninsured populations. Where it may be particularly beneficial, we seek to bring formal recognition to outstanding or highly promising programs to catalyze greater attention and leverage additional resources.

IMPACT

We value the extent to which a program shows promise of lasting community benefit and measurable impact.

We value initiatives that seek to use our financial and other resources in ways that provide leverage, helping to magnify impact and sustainability.

DIVERSITY

We value organizational approaches that are well-informed about populations being served by having appropriate

representation within the organization, including advisory boards, where reasonable. We view healthy diversity as including numerous elements germane to the community and the organization's mission. It involves, in part, an appropriate mix of both backgrounds and skills that maximize the organization's potential for success, including the agency's credibility in the community. Further, we recognize the value of being a good listener to members of target populations by virtue of strong and mutually respectful relationships.

RELATIONSHIPS

We value strong, respectful and lasting relationships between applying agencies and the institutions with which they partner in serving the community.

We respect the autonomy of the local community in taking responsibility for its future, and we recognize the need to obtain the community's commitment to embrace solutions to achieve and sustain successful programs.

PLANNING

We respect the diligence behind well-thought-out written plans. Such plans articulate action steps and division of responsibilities, leading to defined and measurable goals, and strategies to sustain programs.

We are keenly aware that there are often many daunting challenges that may stand in the way of success. Rather than attempt to present a "rosy" face to obtain support, we value plans that candidly identify possible challenges, analyze obstacles and identify reasonable steps to address them, and likewise admit to limitations. We emphasize this point to assure applicants that candid assessments will help, not hurt, their chances of obtaining support.

LEADERSHIP AND ACCOUNTABILITY

We value quality leadership, including how well the staff and

organization are respected by the community and population they serve; established processes to attract, train and sustain effective staff, board members and program volunteers; low staff turnover to ensure program continuity and minimum frustration to the community being served (or plans to reduce turnover); succession planning that ensures programs will not be hurt if key staff members leave the organization; examples of functional partnerships with other organizations; and transparent financial accountability for use of grant dollars and the broader budget.

LEARNING

We value programs from which we can learn and better inform other programs as well as our future grant-making decisions. As long as programs are well-documented, then even "failed" efforts will provide useful information from which to refine and improve future programs.

Community-Based Solutions *programs that show promise* *of lasting benefits*

CREATIVITY

We humbly recognize that the issues faced by those we seek to assist are often remarkably complex and vexing and that a solution for one area or population may not be appropriate for others. Therefore, we value the creativity, thoughtfulness and diligence of applicants to make the best use of pertinent information and experience to craft novel approaches toward realizing their particular health-related goals. We ask that the information and theories behind initiatives be clearly and succinctly articulated so that we can understand the logic behind selected strategies.

2005 Grants

awarded by The Blue Foundation

The Blue Foundation for a Healthy Florida, the philanthropic affiliate of Blue Cross and Blue Shield of Florida, awarded 18 grants, totaling \$1.08 million in 2005. For more information about The Blue Foundation's grant guidelines or to download a Request for Proposal (RFP), visit our Web site at www.bluefoundationfl.com.



SOUTH

Achievement and Rehabilitative Center (ARC Broward)

\$50,000

Funds will be used to develop and implement a countywide mental health public awareness and outreach campaign to promote mental health wellness and intervention for children and adults with developmental and other disabilities, their families and caregivers, disability organizations, mental health professionals and college interns. Funding will also cover some direct service counseling and mental health activities not

reimbursable through Medicaid or private insurance. A Resource Kit for Mental Health Wellness will be developed and disseminated to promote mental health awareness and serve as a training guide.

Caridad Center (Migrant Association of South Florida)

\$100,000 for two years

Funds will be used to support its diabetes screening, treatment, monitoring and health education program. As part of its larger primary health care activities, adults and children who show high risk factors for diabetes are screened as part of their routine patient visits. The center

provides treatment to approximately 150 high-risk patients or patients with diabetes each month. In addition to providing screening and treatment, Caridad Center is launching a new program, the Family Diabetes Prevention Project. Twenty-five families that have at least one individual who has diabetes or is at high risk will receive specialized services, including healthy cooking demonstrations, home visits, shopping-list tips and guided visits to local ethnic food markets. Children from these families will attend a summer camp where healthy life skills will be reinforced.

Grant amounts are for one year, unless otherwise noted.

**Florida Heart
Research Institute**

\$100,000 for two years

Funds will be used to support Caring for the Temple, an outreach program to the Pan-African communities of Miami-Dade County. The program uses larger churches serving the Pan-African population as recruiting tools where individuals are given screening tests for blood pressure, body mass index, cholesterol, HDL and glucose. Each church will offer some type of wellness programming. At two and six weeks following the screening, an employee will contact each participant to provide additional counseling and encouragement. Three months following the screening, a follow-up screening will be conducted to determine the program's effectiveness.

**March of Dimes Birth
Defects Foundation**

\$50,000

Funds will be used to assist in the purchase of a new mobile prenatal medical vehicle (MOMmobile), which will travel to the hard-to-reach communities of South Miami-Dade County, including Homestead, Sweetwater and Florida City, where prenatal resources are limited. About

2,000 women are served yearly — about 80 percent Hispanic and the remaining 20 percent African-American, Haitian and non-Hispanic whites.

WEST COAST

**Family Health Centers
of Southwest Florida**

\$43,000

Funds will be used to expand the disease-management program by hiring an additional lay health educator. The expansion will enable them to increase the number of patients with diabetes receiving counseling and include patients suffering from other chronic conditions such as hypertension and heart disease. The program will use a community-based outreach model that works in cooperation with existing faith-based partners. Bilingual community health educators will address language and cultural barriers. Funding will build on lessons learned from a previously successful program sponsored by two pharmaceutical companies.

**Good Samaritan Health
Clinic of Pasco**

\$30,600

Good Samaritan Health Clinic of Pasco Inc. is a free medical and dental clinic serving low-income residents of Pasco

County. Funding will be used to enhance its dental services by providing restorative care and preventive services instead of only tooth extractions. The addition of a part-time dental technician, part-time administrative assistant and some dental equipment will enable the clinic to expand its services. Volunteer dentists will provide the dental care.

**St. Joseph's Children's
Advocacy Center**

\$50,000 for two years

This grant will support the Center's Mobile Clinic program, which began in March 2004. This program provides well-child care services to Hispanic/Latino residents in the South Hillsborough County area through outreach, immunizations and health education. The use of bilingual staff addresses language and ethnic barriers with the population served. The goal of the project is to immunize 250 to 300 children during the two-year period and educate families about important health issues and how to access services.

2005 Grants, CONTINUED

Tampa Bay Healthcare Collaborative

\$27,500

Funds support the "Move Initiative" — a social marketing campaign to recruit health service volunteers using an interactive Web site that will immediately link volunteers with volunteer opportunities. The project proposes to increase the capacity of its member organizations, increase the program's financial strength by attracting investors and increase awareness of lessons learned. The collaborative has more than 50 member agencies.

NORTHEAST

The Barnabas Center

\$40,500

These funds will be used to expand the adult dental outreach program for poor and homeless people in Nassau County. Services include dental care, denture services, emergency dental referrals and supplies. The program uses local dentists who provide their services for free or at a deeply reduced rate.

Community Asthma Partnership, Jacksonville

\$50,000 for two years

Funds will be used for the Targeted Community Asthma Project (T-CAP) to provide in-home services for children who have been treated for asthma in the hospital or emergency room twice in the past 12 months. T-CAP's asthma specialists help by identifying potential asthma attack triggers and educating parents about proper use of asthma medication and equipment. The partnership also provides a monthly free clinic for children enrolled in the project that offers education and activities.

MaliVai Washington Kids Foundation

\$74,300 for two years

This grant will support adding a family services coordinator and a mental health and counseling component to the program. The family services coordinator will oversee the wellness/prevention program and family involvement. This position will also supervise the life skills staff and coordinate all aspects of the grant. The program serves approximately 125 youth and their families and is located in the Durkeeville area of Jacksonville, a low-income area of town.

Patient Centered Health Network

\$100,000 for three years

Funds will address the health disparities involving diabetes through screening, health education and treatment in the Hastings community in St. Johns County. Expected outcomes include appropriate blood pressure, blood sugar, lipid profile and Hb A1c levels and weight. The organization is the sole provider of health care in Hastings.

St. Vincent's Foundation

\$75,000 for three years

Funds will support the Mobile Unit's Migrant Health Outreach program. The funding of a medical assistant position will assist patients in completing applications to obtain their medications at no charge from drug manufacturers. This position will also support vision and dental screenings and education about both the mobile unit and programs offered at day care centers and local schools. The program primarily serves the adult migrant farmworkers living in and around the fields and ferneries of Crescent City, Putnam County and Hastings.

CENTRAL

Covenant House Florida, Orlando

\$15,000

Funds support the Health Clinic Program — comprehensive health care and health education five days a week to homeless and runaways younger than age 21 who enter this Orlando crisis shelter. The youth served are poor and uninsured with myriad medical issues. Some are parents with babies.



NORTH CENTRAL

Hamilton County Council on Aging

\$27,508 for two years

Funds support the Prescription Assistance Program (PAP), which was originally created by a Blue Foundation grant in 2003. The program uses a combination of volunteers and staff to work with elderly residents to identify compassionate pharmaceutical

programs and help them fill out applications correctly. When an applicant's drugs arrive, he or she is notified of their arrival. The program follows up with clients to ensure they received the drugs and manages their refills and reapplication for benefits.

Lee's Place

\$99,000 for three years

Funds support three special programs. The first, Project Child, provides comprehensive preventive grief and loss counseling to 10 residents of Florida Baptist Children's Home — a home for 15 boys and five girls. The second, Home for the Heart, provides preventive grief and loss counseling for elementary-age students whose parents are divorced or divorcing. The third, Hurricane Katrina, provides counseling services at the Red Cross Center and private counseling services for adult and child evacuees.

Trenton Medical Center

\$100,000

Funds will continue the center's diabetes and hypertension education outreach program. This is a continuation of a program funded through the federal Rural Health Outreach Program. Once people are referred to the program by their physician, case managers

provide 12 hours of in-home education during a six-to-12-week period. The case managers follow up quarterly with a call or visit.

University of Florida Speech & Hearing Clinic

\$50,000

Funds support the Adult Therapy Program, which provides speech therapy services for uninsured and underserved adults in Gainesville and surrounding communities. Adults in the community with no insurance or Medicaid funding do not have access to speech therapy services. (Medicaid does not cover speech-language pathology services for adults between ages 21 and 64.) Social interaction and occupational participation are limited for individuals whose speech has been impaired due to stroke or head injury or those with voice and stuttering problems. Speech/language services to the uninsured and underserved persons in the proposed service area would assist in reducing some of the primary barriers to independent living, employment and social interaction. Reduction of these problems may decrease the need for other forms of community assistance. The clinic will provide assistance with transportation for those from outlying areas.

Financial Statements

December 31, 2005 and 2004

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of The Blue Foundation for a Healthy Florida, Inc.,

In our opinion, the accompanying statements of financial position and the related statements of activities and cash flows present fairly, in all material respects, the financial position of The Blue Foundation for a Healthy Florida, Inc. ("the Foundation") at December 31, 2005 and 2004, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

March 17, 2006

PricewaterhouseCoopers LLP

STATEMENTS OF FINANCIAL POSITION

December 31, 2005 and 2004

The Blue Foundation for a Healthy Florida, Inc.

	2005	2004
Assets		
Cash and cash equivalents	\$ 768,858	\$ 8,097,377
Prepaid expenses	34,082	-
Dividends receivable	79,265	47,374
Investments	43,530,118	26,885,313
Total assets	<u>\$ 44,412,323</u>	<u>\$ 35,030,064</u>
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 80,000	\$ 42,500
Grants payable	1,384,086	1,351,697
Total liabilities	<u>1,464,086</u>	<u>1,394,197</u>
Net Assets		
Unrestricted	28,948,237	19,635,867
Permanently restricted	14,000,000	14,000,000
Total net assets	<u>42,948,237</u>	<u>33,635,867</u>
Total liabilities and net assets	<u>\$ 44,412,323</u>	<u>\$ 35,030,064</u>

STATEMENTS OF FINANCIAL POSITION

December 31, 2005 and 2004

	2005		2004
	Unrestricted	Permanently Restricted	Total
Operating support and revenue			
Contributions	\$ 9,054,545	\$ -	\$ 9,054,545
Dividend and interest income	1,244,176	-	1,244,176
Net realized and unrealized gains on investments	808,186	-	808,186
Long-term capital gains	25,906	-	25,906
Less: Investment expense	6,869	-	6,869
Net investment income	2,071,399	-	2,071,399
Donated services	212,531	-	212,531
Total operating support and revenue	<u>11,338,475</u>	<u>-</u>	<u>11,338,475</u>
Expenses			
Program grants	1,468,908	-	1,468,908
Management and general	557,197	-	557,197
Total expenses	<u>2,026,105</u>	<u>-</u>	<u>2,026,105</u>
Change in net assets	9,312,370	-	9,312,370
Net assets			
Beginning of year	19,635,867	14,000,000	33,635,867
End of year	<u>\$ 28,948,237</u>	<u>\$ 14,000,000</u>	<u>\$ 42,948,237</u>

STATEMENTS OF CASH FLOWS

Years ended December 31, 2005 and 2004

The Blue Foundation for a Healthy Florida, Inc.

	2005	2004
Cash flows from operating activities		
Change in unrestricted net assets	\$ 9,342,370	\$ 9,487,089
Adjustments to reconcile change in unrestricted net assets to net cash used in operating activities		
Value of contributed investments	(9,054,545)	(8,474,482)
Net realized and unrealized gains on investments	(808,186)	(1,432,458)
Increase in prepaid expense	(34,082)	-
Increase in dividend receivable	(31,891)	(47,374)
Increase in accounts payable	37,500	6,500
Increase (decrease) in grants payable	2,389	(165,444)
Net cash used in operating activities	<u>(546,445)</u>	<u>(626,169)</u>
Cash flows from investing activities		
Purchases of investments	(29,676,907)	(25,476,005)
Proceeds from sales of investments	22,894,833	25,405,361
Net cash used in investing activities	<u>(6,782,074)</u>	<u>(70,644)</u>
Net decrease in cash and cash equivalents	<u>(7,328,519)</u>	<u>(696,813)</u>
Cash and cash equivalents		
Beginning of year	8,097,377	8,794,190
End of year	<u>\$ 768,858</u>	<u>\$ 8,097,377</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2005 and 2004

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Blue Foundation for a Healthy Florida, Inc. (the Foundation), a philanthropic affiliate of Blue Cross and Blue Shield of Florida, Inc. ("BCBSF"), incorporated on March 12, 2001, is a private, charitable foundation operated exclusively to fund and support 501(c)(3) organizations, as defined by the Internal Revenue Code, and programs that positively impact the health and well being of uninsured and medically underserved Floridians.

Basis of Presentation

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting.

Classification of Net Assets

Net assets are classified into one of three categories — permanently restricted, temporarily restricted or unrestricted as follows:

Permanently restricted net assets

Net assets subject to donor-imposed stipulations that are required to be maintained permanently by the Foundation. All income earned on related investments is considered unrestricted and is permitted to be used for general support of the Foundation.

Temporarily restricted net assets

Net assets subject to donor-imposed stipulations that may or will be met by actions of the Foundation and/or the passage of time. There were no temporarily restricted net assets at December 31, 2005 and 2004.

Unrestricted net assets

Net assets which represent resources generated from operations that are not subject to donor-imposed stipulations.

Contributions

Contributions are recognized as revenue in the period earned and as assets or decreases of liabilities or expenses depending on the form of the benefits received. Contributions received are measured at their fair value.

Foundation Grants

Grants are recognized as expenses in the period granted and as decreases of assets or increases of liabilities depending on the form of the benefits given. Grants are measured at the fair value of the assets given.

Cash and Cash Equivalents

Cash and cash equivalents include cash in banks, money market deposits and overnight repurchase agreements with an original maturity of less than ninety days when purchased. These investments are carried at amortized cost. Cash restricted as to use by donor stipulations is not included in cash and cash equivalents. There was no restricted cash at December 31, 2005 and 2004.

Concentration of Credit Risk

Investments in cash are in interest bearing deposits with major banks and generally exceed federally insured amounts. The financial stability of these institutions is reviewed on a continuous basis. Credit losses are not anticipated. Fixed maturity marketable investments are diversified and rated BAA or better at the time of purchase by nationally recognized statistical rating organizations. These credit ratings are continuously reviewed. The Foundation reduces risk by limiting individual non-government issues to no more than 5% of the portfolio balance.

Investments

The Foundation records investments at their fair value based on available quoted market prices. Increases or decreases in fair value are recognized in the period in which they occur. Net realized investment gains and losses are calculated on a first-in, first-out basis of identification.

Donated Goods and Services

Donated goods and services are reflected in the financial statements at the fair value of the goods and services received. The donations of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Use of Estimates

Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Federal Income Taxes

The Foundation is recognized as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code).

Excise Taxes

The Internal Revenue Code imposes an excise tax on private foundations equal to 2% of net investment income (principally interest, dividends, and net realized capital gains, less expenses incurred in the production of investment income). This tax is reduced to 1% (in years following the initial year of operation) for foundations that meet certain distribution requirements. In 2005 and 2004, the Foundation did not qualify for the reduced tax rate of 1%, and accordingly, excise tax was assessed at the 2% rate.

2. CONTRIBUTIONS

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. The fair value of contributed investments from BCBSF and subsidiaries totaled \$9,054,545 and \$8,474,482 for 2005 and 2004, respectively.

3. INVESTMENTS

The cost and approximate fair value of investments at December 31 were:

	2005		2004	
	Cost	Fair Value	Cost	Fair Value
Vanguard total Bond market	\$ 22,399,170	\$ 21,914,487	\$ 12,768,980	\$ 12,613,061
Vanguard total Stock market	10,324,652	11,326,563	6,665,126	7,284,002
Vanguard total Developed market	6,785,642	8,134,006	4,721,914	5,368,724
Vanguard REIT index	1,764,030	2,155,062	1,319,985	1,619,526
	<u>\$ 41,273,494</u>	<u>\$ 43,530,118</u>	<u>\$ 25,476,005</u>	<u>\$ 26,885,313</u>

4. RELATED PARTY TRANSACTIONS

Donated Services

All donated services for 2005 and 2004 were received from BCBSF and subsidiaries. Donated services consist primarily of specialized legal, accounting, investment advisory and tax services.

Board of Directors

The Foundation's eleven-member Board of Directors is comprised of BCBSF employees and retirees.

Leadership

Board of Directors

AS OF MARCH 2006

Back row (left to right): Mark Swink,
Becky Gay, Chip Kenyon, Tony Jenkins

Front row (left to right): Mike Cascone,
Randy Kammer, Tony Benevento

Not pictured: Mel Fletcher, M.D.;
Russ Jollivette; Deanna McDonald;
Bob Mirsky, M.D.



Randy M. Kammer
President

Anthony Benevento

Cyrus M. Jollivette

Tony Jenkins
Vice President

Michael Cascone, Jr.

Robert Mirsky, M.D.

Varnum (Chip) Kenyon
Secretary

Melvyn Fletcher, M.D.

Mark Swink

Deanna McDonald
Treasurer

Rebecca Gay

Employee Review Team

AS OF MARCH 2006



The 15-member Employee Review Team evaluates proposals, conducts site visits and makes funding recommendations to the board of directors.

Susan Daniels

Carla Davis

Martha Garcia

Brenda Jackson

Cal Jackson

Vicki Kilmer-Rinker

Diana Mackoul

Mark McGowan

Cindy Olstrom

Kathleen Patneau

Rachel Pollock

Cassie Small

Mark Swink

Ralph Thurman

Eugene Usner

The Blue Foundation Staff

AS OF MARCH 2006

The Blue Foundation Staff (from left to right):

Susan B. Towler,
Executive Director

Daniel Beck,
Legal

Barbara S. Riggan,
Foundation Coordinator

Susan F. Wildes,
Assistant Director

Kim Read,
Financial

Michael S. Hutton, Ph.D.,
Grants Manager



HEALTH RESOURCES FOR FLORIDIANS IN NEED

The Blue Foundation for a Healthy Florida, in partnership with Blue Cross and Blue Shield of Florida, has gathered a list of resources for residents of Florida who do not have health insurance or are underserved. For Florida's Health is a comprehensive electronic database of health care service programs and resources in Florida. This innovative Web site offers health care providers and the public easy access to listings of local resources for a variety of health care services and is available free of charge. Data is searchable by ZIP code, county, program name and service type. To find a resource in your area, visit the For Florida's Health Web site at www.forfloridashealth.com.

Contact Us:

For more information on The Blue Foundation for a Healthy Florida, visit our Web site at www.bluefoundationfl.com or send an email to bluefoundation@bcbsfl.com.

Or Contact:

Michael S. Hutton, Ph.D.
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FOR MORE INFORMATION, CONTACT:

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Public Affairs Group

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